

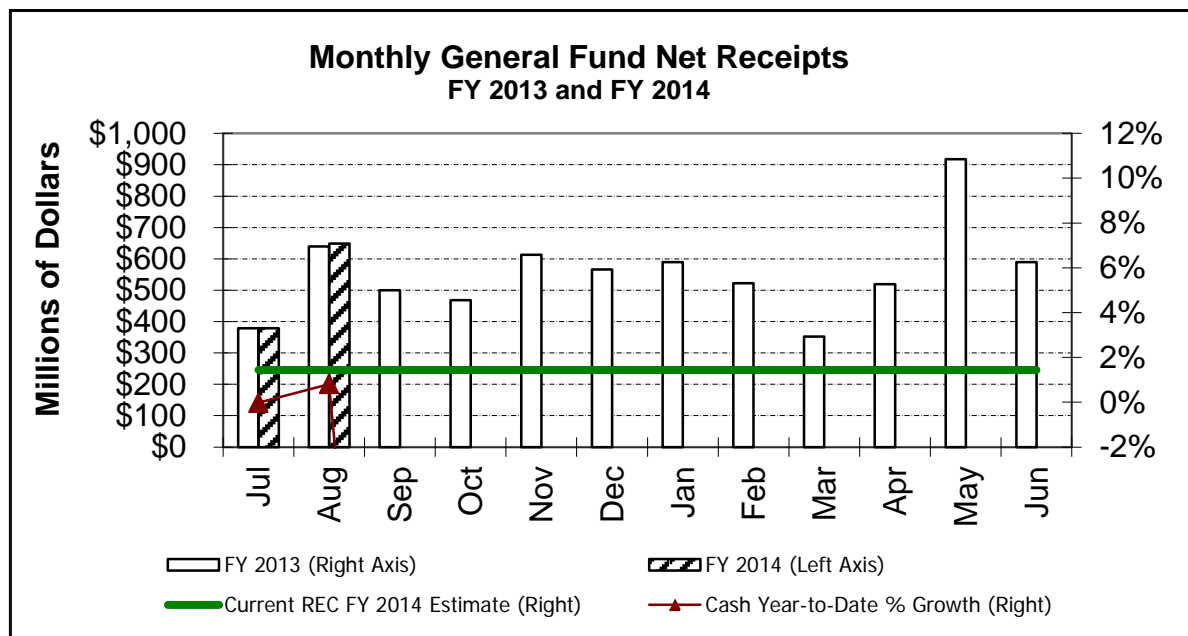
TO: Members of the Iowa Senate and
 Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: September 3, 2013

Monthly General Fund Receipts through August 31, 2013

The attached spreadsheet presents FY 2014 General Fund total net receipts with comparable figures for actual FY 2013. The figures can be compared to the FY 2014 estimate of \$6.770 billion set by the Revenue Estimating Conference (REC) on March 22, 2013. The FY 2014 estimate is an increase of \$95.7 million (1.4%) compared to FY 2013 total net receipts (excludes transfers), but does not include any revenue adjustments enacted after the last REC meeting. The next REC meeting has not been scheduled.



Overview of Current Situation

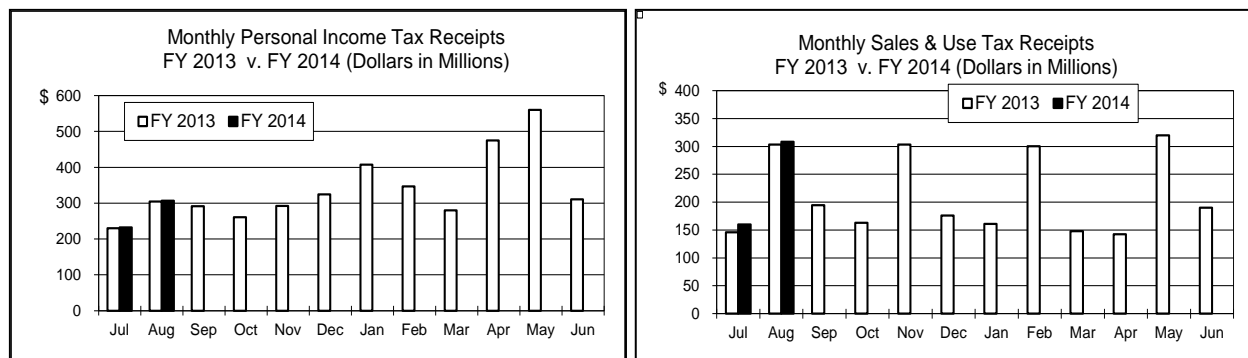
August 2013 net General Fund revenue was \$8.3 million (1.3%) above the August 2012 revenue level. Year-to-date net tax receipts are \$8.4 million (0.8%) above the FY 2013 level. Major sources of tax revenue and their contribution to the year-to-date change include:

- Personal income tax (positive \$5.0 million, 0.9%)
- Sales/use tax (positive \$18.9 million, 4.2%)
- Corporate tax (positive \$8.6 million, 13.9%)

- Other taxes (positive \$2.4 million, 3.4%)
- Other receipts (negative \$2.6 million, -6.2%)
- Tax refunds not including school infrastructure refunds (negative \$8.0 million)
- School infrastructure sales/use tax refunds (negative \$15.9 million)

Personal Income Tax revenue received in August totaled \$306.6 million, an increase of \$2.4 million (0.8%) compared to August 2012.

The FY 2014 REC income tax estimate of \$4.134 billion represents a projected increase of 1.2% compared to actual FY 2013. Through August, personal income tax receipts have increased \$5.0 million (0.9%). By subcategory, withholding payments increased by \$9.7 million (2.0%), estimate payments increased \$1.6 million (4.5%), and payments with returns decreased by \$6.3 million (-27.9%). The following chart compares FY 2014 monthly income tax receipts from the three personal income tax subcategories with FY 2013.



Sales/Use Tax receipts received in August totaled \$308.2 million, an increase of \$4.8 million (1.6%) compared to August 2012.

The REC estimate for FY 2014 sales/use tax receipts is \$2.676 billion, an increase of 5.0% compared to actual FY 2013. Year-to-date sales/use tax receipts total \$468.1 million, an increase of \$18.9 million (4.2%) compared to FY 2013. The preceding chart compares FY 2014 monthly sales/use tax receipts with FY 2013.

Corporate Tax receipts received in August totaled \$16.3 million, an increase of \$0.6 million (3.8%) compared to August 2012.

The REC estimate for FY 2014 corporate tax revenue is \$556.6 million, an increase of 0.2% compared to actual FY 2013. Through August, corporate tax receipts have increased \$8.6 million (13.9%).

Other tax receipts received in August totaled \$56.2 million, an increase of \$1.2 million (2.2%) compared to August 2012.

The REC estimate for FY 2014 other tax revenue is \$385.8 million, an increase of 3.8% compared to actual FY 2013. Through August, other tax revenue totals \$72.5 million, an increase of \$2.4 million (3.4%).

Other receipts (non-tax receipts) received in August totaled \$23.1 million, an increase of \$5.7 million (32.8%) compared to August 2012. The reversal of the timing of liquor profit and miscellaneous receipt deposits last year contributed to the August increase.

The REC estimate for FY 2014 other receipts revenue is \$344.2 million, an increase of 4.3% compared to actual FY 2013. Through August, other receipts have decreased 6.2%.

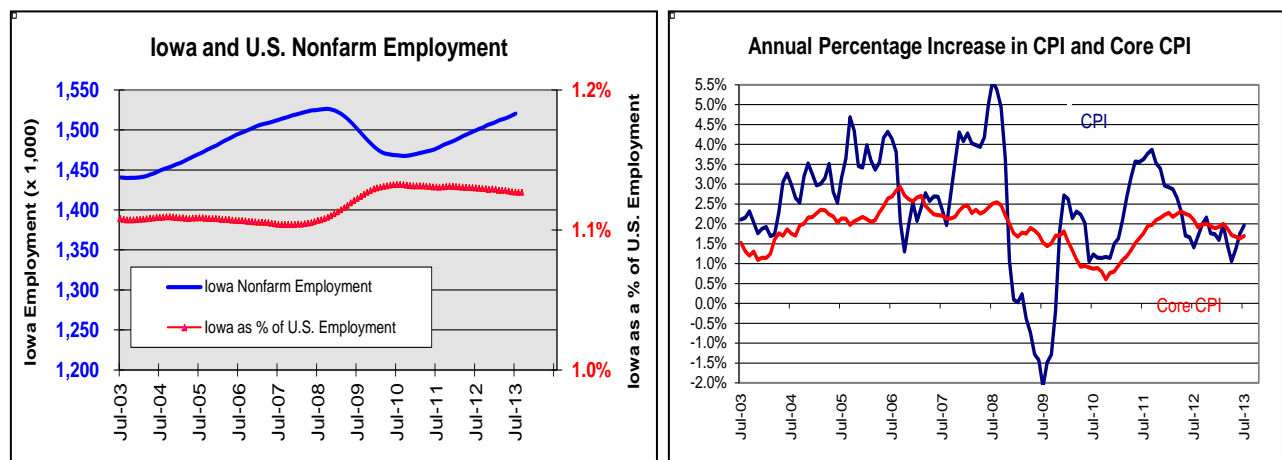
Tax Refunds issued in August totaled \$26.7 million, an increase of \$3.9 million (17.1%) compared to August 2012. In addition, school infrastructure refunds totaled \$35.9 million in August, an increase of \$2.5 million compared to August 2012.

Status of the Economy

Iowa nonfarm employment was reported at 1,522,900 for the month of July (not seasonally adjusted), 24,600 higher (1.6%) than June 2012.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,520,500 resulting in an annual average Iowa nonfarm employment level 5,900 below the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through July 2013 was 233.6 (1983/84=100). Consumer prices increased 0.04% in July (not seasonally adjusted) and the annual rate of inflation increased for the third consecutive month and stood at 2.0%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.1% in July and totals 1.7% year-over-year. The annual rate of core inflation increased for the first time in five months. For the two components excluded from the core rate, energy prices are up 4.7% year-over-year and food prices are up 1.5%.

Information related to [State General Fund receipts](#) is available on the Fiscal Services Division's website.

GENERAL FUND RECEIPTS - FY 2013 vs. FY 2014 July 1 through August 31 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 13 Actual Compared to FY 14 REC Estimate		
	FY 2013	FY 2014	Year to Date % Change	August % Change	Actual FY 2013	Estimate FY 2014	Projected % Change
Personal Income Tax	\$ 533.9	\$ 538.9	0.9%	0.8%	\$ 4,083.9	\$ 4,133.5	1.2%
Sales/Use Tax	449.2	468.1	4.2%	1.6%	2,547.6	2,676.1	5.0%
Corporate Income Tax	62.0	70.6	13.9%	3.8%	555.3	556.6	0.2%
Inheritance Tax	14.3	14.2	-0.7%	-24.7%	86.8	100.7	16.0%
Insurance Premium Tax	47.2	48.9	3.6%	4.3%	104.9	109.4	4.3%
Cigarette Tax	0.0	0.0	0.0%	0.0%	102.7	94.8	-7.7%
Tobacco Tax	2.5	1.4	-44.0%	0.0%	18.7	17.2	-8.0%
Beer Tax	1.7	2.7	58.8%	0.0%	14.5	14.7	1.4%
Franchise Tax	4.4	5.3	20.5%	-50.0%	42.9	47.9	11.7%
Miscellaneous Tax	0.0	0.0	0.0%	0.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 1,115.3	\$ 1,150.1	3.1%	1.3%	\$ 7,558.4	\$ 7,752.0	2.6%
Institutional Payments	2.5	2.9	16.0%	20.0%	14.3	14.5	1.4%
Liquor Profits	18.0	14.3	-20.6%	14.4%	96.0	95.0	-1.0%
Interest	0.3	0.3	0.0%	0.0%	2.6	2.5	-3.8%
Fees	4.7	5.2	10.6%	3.7%	29.1	27.0	-7.2%
Judicial Revenue	10.1	8.7	-13.9%	66.7%	108.0	110.0	1.9%
Miscellaneous Receipts	6.3	7.9	25.4%	140.9%	39.9	29.2	-26.8%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	40.0	66.0	65.0%
TOTAL GROSS RECEIPTS	\$ 1,157.2	\$ 1,189.4	2.8%	2.1%	\$ 7,888.3	\$ 8,096.2	2.6%
Accrued Revenue-Net**					19.8	11.1	
Tax Refunds *	-51.3	-59.3	15.6%	17.1%	-822.2	-898.0	9.2%
School Infrast. Refunds *	-88.1	-104.0	18.0%	7.5%	-411.3	-439.0	6.7%
TOTAL NET RECEIPTS	\$ 1,017.8	\$ 1,026.2	0.8%	1.3%	\$ 6,674.6	\$ 6,770.3	1.4%
<p>* For FY 2013 and FY 2014 Year-to-Date columns, refunds are presented on a cash basis. For FY 2013 Actual and FY 2014 Estimate, refunds are presented on a fiscal year basis.</p> <p>** The FY 2013 "Accrued Revenue-Net" is currently estimated.</p>							